



Fair Political Practices Commission

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NEWS RELEASE

For Immediate Release:
January 7, 2003

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FPPC sues Bustamante for gubernatorial campaign violations *Agency charges Lt. Gov. collected \$3.8 million over legal limit*

The Fair Political Practices Commission today (Jan. 7) filed a civil complaint in Sacramento Superior Court against Lt. Gov. Cruz Bustamante and two of his campaign committees -- "Lieutenant Governor Bustamante 2002 Committee" and "Yes on Bustamante" -- alleging that Bustamante and his committees evaded contribution limits in the Oct. 7, 2003, gubernatorial election.

According to the complaint, Bustamante and the committees mischaracterized the contributions they received in the gubernatorial campaign as contributions to the lieutenant governor's 2002 re-election committee -- a committee which was not subject to contribution limits.

"After a thorough investigation, our Enforcement Division found that not only did the Lieutenant Governor improperly use his old, unlimited committee to raise funds for the governor's race, he also made several expenditures for fundraising and other expenses for his gubernatorial campaign out of the unlimited committee, in violation of the law," said FPPC Chair Liane Randolph.

"We are confident this litigation will help ensure that the contribution limits adopted by the voters will be respected -- and adhered to -- by candidates subject to those limits," she added.

Specifically, the complaint alleges that the defendants raised money in excess of the applicable contribution limits for the gubernatorial campaign into the re-election committee, then immediately transferred the money from the re-election committee to the gubernatorial committee and spent it on gubernatorial campaign expenditures. During the election, the maximum contribution that a candidate for governor was allowed to receive was \$21,200 per contributor.

In addition, the FPPC contends the defendants paid for fundraising and other expenses for the governor's race out of the unlimited re-election committee rather than the gubernatorial committee.

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According to the complaint, between Aug. 8 and Sept. 22, 2003, Bustamante and his committees received 44 contributions, totaling approximately \$4 million, to support his campaign for governor. They unlawfully deposited those contributions into the campaign bank account for the lieutenant governor's 2002 re-election committee. The FPPC contends the defendants did so in order to make it appear that those contributions were not subject to limits.

Under state law, funds collected to run for a particular office may only be deposited into a single bank account established for election to that office, and the funds spent to run for the office can only be spent from that same account.

The FPPC also alleges in its complaint that as a result of their committee bank account maneuvering, the defendants received 16 contributions to support Bustamante's campaign for governor that were approximately \$3.8 million in excess of the contribution limits applicable to that election.

Finally, the FPPC complaint alleges that prior to the Oct. 7, 2003 election, Bustamante and his committees unlawfully reported, both electronically and on paper, contributions and expenditures for the gubernatorial campaign, as being money received and spent by the lieutenant governor's 2002 re-election committee -- instead of by the Bustamante gubernatorial committee. The contributions totaled approximately \$4,076,750, and the expenditures approximately \$296,880.

The complaint is available on the FPPC Web site at www.fppc.ca.gov. Go to "litigation" on the left side of the home page.

An administrative settlement – called a stipulation – is the FPPC's most common method of prosecuting enforcement actions, with a maximum penalty of \$5,000 for each violation. The commission is also empowered under the Political Reform Act to file civil suits, with penalties of up to \$5,000 per count for the bank account and contribution limit violations and up to the amount not properly reported for the disclosure violations. In this case, the maximum possible fine could reach \$9 million.

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